

December 29, 2005

Mary Cottrell, Secretary  
Massachusetts Dept. of Telecommunications  
& Energy  
One South Station  
Boston MA 02110

**VIA E-MAIL AND U.S. MAIL**

RE: DTE 04-74 – Petition of Nantucket Electric  
Company and Massachusetts Electric  
Company for Financing

Dear Secretary Cottrell:

By Order dated November 18, 2004, the Department approved the captioned Petition which sought permission (1) for Nantucket Electric Company to execute one or more loan agreements, supplemental loan agreements and/or notes in an amount not to exceed \$65 million, together with related financing and security agreements, and (2) for Massachusetts Electric Company to issue additional first mortgage bonds to be pledged as credit support for the indebtedness of its affiliate, Nantucket Electric. The primary purpose of the Petition was to raise capital to finance a second undersea power supply cable from Barnstable to Nantucket and ancillary equipment (the Project) to meet the growing electric demands of Nantucket Electric's customers. On December 21, 2004, the Department issued a subsequent Order in DTE 04-10 which approved the Project under the "public convenience and necessity" provisions of M.G.L.A. Ch. 64, §72.

In its Order in DTE 04-74, as a condition of its approval, the Department required that the second undersea cable be "placed into service by December 31, 2005". *See* Order at 24. However, the Order continued to state, "If Nantucket is unable to obtain the necessary approvals and permits in a timely manner, the Companies may seek an extension of the December 31, 2005 in-service date required by this Order". *Id.* An event, described below, necessitates this formal request for an extension of the in-service date.

Installation of the undersea cable by Prysmian (Pirelli Cable), began on December 18, 2005. On December 26, 2005, an anchor line holding the cable installation vessel snapped, as well as the lines to the underwater plow that was embedding the power supply cable beneath Nantucket Sound. The following day, it was discovered that the power supply cable was also damaged and will require a repair before being placed into service. Nantucket Electric's construction permit from the U.S. Army Corps of Engineers will expire January 15, 2006. It is now anticipated that the cable installation and cable repair will take longer than the time allowed by the Corps permit. Accordingly, Nantucket Electric has notified the Corps of the emergency and is

requesting an extension of its permit under the Emergency Situations Procedures of the Corps' Massachusetts Programmatic General Permit. In parallel, Nantucket Electric hereby formally requests an extension of the December 31, 2005 in-service date required by the Department's Order in DTE 04-74, to allow the company to obtain the extended Corps permit and to complete the cable project.

Respectfully submitted,

Paige Graening  
Attorney for Massachusetts Electric Company  
and Nantucket Electric Company